



Rural Telephone Coalition

July 10, 1996

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Mr. James D. Schlichting  
Chief, Competitive Pricing Division  
Federal Communications Commission  
Room 544  
1919 M Street, NW  
Washington, DC 20554

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF SECRETARY

Re: Specific Proposals regarding  
ICC Docket No. 96-98 /

Dear Mr. Schlichting:

On June 24, 1996, representatives of the Rural Telephone Coalition (RTC), composed of the National Rural Telecom Association (NRTA), the National Telephone Cooperative Association (NTCA), and the Organization for the Promotion and Advancement of Small Telecommunications Companies (OPASTCO), met with you regarding our concern that a possible urban-focus in interconnection rules might adversely affect universal service in rural areas. We are glad we had the chance to point out the inherently different economies in rural areas as opposed to urban areas where the Telecommunications Act of 1996 and the Commission seem to be committed to "jump starting" competition.

At the time, you asked if we had any "specifics" or recommendations on how to avoid possibly damaging the provision of universal service in rural areas with the release of the rules on August 8, 1996. Since then, the RTC has drafted the enclosed points on interconnection issues and has discussed our rural concerns with Richard Metzger and the Common Carrier Bureau, James Casserly, and Dan Gonzalez. Additionally, we plan on talking with Pete Belvin and with the Office of Plans and Policy about our rural proposals.

The RTC wants to keep you up-to-date on our proposals to ensure suitable interconnection policies in rural markets. We would welcome the chance to meet with you again regarding these points if it could be helpful. If this is the case, please call Vanessa Fountain at the OPASTCO offices at (202) 659-5990 and let us know when you are available. Thank you for your time and consideration.

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Sincerely,

*Ken Johnson*

Ken Johnson  
OPASTCO

enclosure

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(202) 628-0210

National Telephone Cooperative Association  
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Organization for the Protection and  
Advancement of Small Telephone Companies  
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**RURAL TELEPHONE COALITION  
SUMMARY OF POSITION ON INTERCONNECTION ISSUES**

- **Interconnection rules designed to "jump start" competition are not appropriate in rural areas served by LECs for which the exemption, suspension or modification of §§ 251(b) and (c) are applicable. Rural economies are substantially different, and there is no reasonable probability that genuinely competitive rural markets will develop in the near term. Rules which encourage cream skimming and competition that would otherwise not be economical would be damaging to rural areas.**
- **Sections 153(47), 214(e), 251(f) and 253(f) authorize states to adopt special protections in their rural areas through particularized judgments weighing the benefits of competition and any threats to universal service or infrastructure development.**
- **This state flexibility, at least in rural areas, allows operation of the "states as laboratories" model, so states can learn from each other and from their urban experiences how best to tailor their rules for rural areas.**
- **Any national guidelines should leave the states both (1) full authority to retain the § 251(c) exemption or grant suspensions and modifications pursuant to § 251(b) and (2) sufficient flexibility in rural areas to mediate, arbitrate and approve interconnection agreements pursuant to § 252.**
- **Any pricing guidelines should provide flexibility for rural LECs (and states) to determine prices between a ceiling set at each LEC's actual stand alone cost of the service and a floor determined by TSLRIC (which sets the level below which prices could be challenged as predatory). Any rules which materially reduce LEC revenues should be coordinated with CC Docket 96-45.**
- **The Commission should rule that agreements between non-competing LECs are not subject to §§ 251 and 252 to comport with Congressional intent and to preserve FCC authority over infrastructure sharing pursuant to § 259.**
- **The Commission should rule under § 251(g) that existing access charge rules apply to all interconnection between incumbent LECs and interexchange carriers until explicitly superseded by new Commission access rules.**